

HOUSE BILL 1151

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CF SB 595

By: **Delegate Feldman**

Introduced and read first time: February 14, 2011

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, February 28, 2011

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 23, 2011

CHAPTER _____

1 AN ACT concerning

2 **Corporations and Associations – Limited Liability Companies – Election to**
3 **Be a Benefit ~~Corporation~~ Limited Liability Company**

4 FOR the purpose of authorizing a Maryland limited liability company to elect to be a
5 benefit ~~corporation; specifying the process by which a limited liability company~~
6 ~~may elect to be a benefit corporation~~ limited liability company by including a
7 certain statement in its articles of organization; specifying the process by which
8 a limited liability company may terminate its status as a benefit ~~corporation~~
9 limited liability company; requiring a clear reference to the fact that a limited
10 liability company is a benefit ~~corporation~~ limited liability company to appear
11 prominently at the head of certain articles of organization ~~of the limited liability~~
12 ~~company or an amendment to the articles of organization; requiring the limited~~
13 ~~liability company~~ a benefit limited liability company to have a certain purpose;
14 authorizing the ~~limited liability company~~ a benefit limited liability company to
15 have a certain purpose; requiring a ~~member of the limited liability company~~
16 person managing the business and affairs of a benefit limited liability company
17 to consider the effects of certain actions or decisions not to act on certain
18 persons and interests; providing that a person managing the business and
19 affairs of a benefit limited liability company does not have any duty to certain
20 persons on account of certain factors or interests; requiring the ~~limited liability~~
21 ~~company~~ a benefit limited liability company to deliver a certain annual benefit
22 report to each member ~~of the limited liability company~~ within a certain time
23 period and to post the report on a certain portion of its Web site under certain
24 circumstances; prohibiting a provision of the articles of organization or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



operating agreement of ~~the limited liability company~~ a benefit limited liability company from being inconsistent with certain provisions of law; ~~altering a certain definition; making certain conforming changes;~~ defining certain terms; and generally relating to limited liability companies and benefit ~~corporations~~ limited liability companies.

~~BY repealing and reenacting, with amendments,
Article – Corporations and Associations
Section 5-6C-01, 5-6C-02, and 5-6C-04 through 5-6C-08
Annotated Code of Maryland
(2007 Replacement Volume and 2010 Supplement)~~

~~BY repealing and reenacting, with amendments,
Article – Corporations and Associations
Section 5-6C-03
Annotated Code of Maryland
(2007 Replacement Volume and 2010 Supplement)
(As enacted by Chapters 97 and 98 of the Acts of the General Assembly of 2010)~~

BY renumbering
Article – Corporations and Associations
Section 4A-1101 through 4A-1103, respectively, and the subtitle “Subtitle 11. Miscellaneous”
to be Section 4A-1201 through 4A-1203, respectively, and the subtitle “Subtitle 12. Miscellaneous”
Annotated Code of Maryland
(2007 Replacement Volume and 2010 Supplement)

BY adding to
Article – Corporations and Associations
Section 4A-1101 through 4A-1108, to be under the new subtitle “Subtitle 11. Benefit Limited Liability Companies”
Annotated Code of Maryland
(2007 Replacement Volume and 2010 Supplement)

~~SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:~~

~~**Article – Corporations and Associations**~~

~~5-6C-01.~~

~~(a) In this subtitle the following words have the meanings indicated.~~

~~(b) “Benefit corporation” means a Maryland corporation OR MARYLAND LIMITED LIABILITY COMPANY that elects to be a benefit corporation in accordance~~

1 ~~with § 5-6C-03 of this subtitle and has not ceased to be a benefit corporation through~~
2 ~~the operation of § 5-6C-04 of this subtitle.~~

3 ~~(e) "General public benefit" means a material, positive impact on society and~~
4 ~~the environment, as measured by a third party standard, through activities that~~
5 ~~promote a combination of specific public benefits.~~

6 ~~(d) "Specific public benefit" includes:~~

7 ~~(1) Providing individuals or communities with beneficial products or~~
8 ~~services;~~

9 ~~(2) Promoting economic opportunity for individuals or communities~~
10 ~~beyond the creation of jobs in the normal course of business;~~

11 ~~(3) Preserving the environment;~~

12 ~~(4) Improving human health;~~

13 ~~(5) Promoting the arts, sciences, or advancement of knowledge;~~

14 ~~(6) Increasing the flow of capital to entities with a public benefit~~
15 ~~purpose; or~~

16 ~~(7) The accomplishment of any other particular benefit for society or~~
17 ~~the environment.~~

18 ~~(e) "Third party standard" means a standard for defining, reporting, and~~
19 ~~assessing best practices in corporate social and environmental performance that:~~

20 ~~(1) Is developed by a person or entity that is independent of the~~
21 ~~benefit corporation; and~~

22 ~~(2) Is transparent because the following information about the~~
23 ~~standard is publicly available or accessible:~~

24 ~~(i) The factors considered when measuring the performance of a~~
25 ~~business;~~

26 ~~(ii) The relative weightings of those factors; and~~

27 ~~(iii) The identity of the persons who developed and control~~
28 ~~changes to the standard and the process by which those changes were made.~~

29 ~~5-6C-02.~~

1 ~~(a) The provisions of the Maryland General Corporation Law apply to benefit~~
2 ~~corporations except to the extent that:~~

3 ~~(1) The context of a provision clearly requires otherwise; or~~

4 ~~(2) A specific provision of this subtitle or another provision of law~~
5 ~~governing specific classes of corporations **OR LIMITED LIABILITY COMPANIES**~~
6 ~~provides otherwise.~~

7 ~~(b) This subtitle applies only to benefit corporations.~~

8 ~~(c) (1) The existence of a provision of this subtitle does not of itself create~~
9 ~~any implication that a contrary or different rule of law is or would be applicable to a~~
10 ~~corporation **OR LIMITED LIABILITY COMPANY** that is not a benefit corporation.~~

11 ~~(2) This subtitle does not affect any statute or rule of law as it applies~~
12 ~~to a corporation **OR LIMITED LIABILITY COMPANY** that is not a benefit corporation.~~

13 ~~(d) A provision of the charter [or], bylaws, **ARTICLES OF ORGANIZATION,**~~
14 ~~**OR OPERATING AGREEMENT** of a benefit corporation may not be inconsistent with~~
15 ~~any provision of this subtitle.~~

16 ~~5-6C-03.~~

17 ~~(a) (1) A corporation may elect to be a benefit corporation under this~~
18 ~~subtitle by amending or including in the charter of the corporation a statement that~~
19 ~~the corporation is a benefit corporation.~~

20 ~~(2) **A LIMITED LIABILITY COMPANY MAY ELECT TO BE A BENEFIT**~~
21 ~~**CORPORATION UNDER THIS SUBTITLE BY AMENDING OR INCLUDING IN THE**~~
22 ~~**ARTICLES OF ORGANIZATION OF THE LIMITED LIABILITY COMPANY A**~~
23 ~~**STATEMENT THAT THE LIMITED LIABILITY COMPANY IS A BENEFIT**~~
24 ~~**CORPORATION.**~~

25 ~~(b) (1) An amendment described in subsection ~~[(a)] (A)(1)~~ of this section~~
26 ~~shall be approved in accordance with Title 2, Subtitle 6 of this article.~~

27 ~~(2) **AN AMENDMENT DESCRIBED IN SUBSECTION (A)(2) OF THIS**~~
28 ~~**SECTION SHALL BE APPROVED IN ACCORDANCE WITH § 4A-204(C)(2) OF THIS**~~
29 ~~**ARTICLE.**~~

30 ~~5-6C-04.~~

31 ~~(a) A corporation **OR LIMITED LIABILITY COMPANY** may terminate **ITS**~~
32 ~~status as a benefit corporation and cease to be subject to this subtitle by amending the~~
33 ~~charter of the corporation **OR THE ARTICLES OF ORGANIZATION OF THE LIMITED**~~

1 ~~LIABILITY COMPANY to delete the statement that the corporation OR LIMITED~~
2 ~~LIABILITY COMPANY is a benefit corporation.~~

3 ~~(b) An amendment terminating [a corporation's] THE status OF A~~
4 ~~CORPORATION OR LIMITED LIABILITY COMPANY as a benefit corporation shall be~~
5 ~~approved by the stockholders of the corporation in accordance with Title 2, Subtitle 6~~
6 ~~of this article OR THE MEMBERS OF THE LIMITED LIABILITY COMPANY IN~~
7 ~~ACCORDANCE WITH § 4A-204(C)(2) OF THIS ARTICLE.~~

8 ~~5-6C-05.~~

9 ~~Clear reference to the fact that a corporation OR LIMITED LIABILITY~~
10 ~~COMPANY is a benefit corporation shall appear prominently:~~

11 ~~(1) At the head of the charter document OR ARTICLES OF~~
12 ~~ORGANIZATION in which the election to be a benefit corporation is made;~~

13 ~~(2) At the head of each subsequent charter document OR ARTICLES~~
14 ~~OF ORGANIZATION of the benefit corporation; and~~

15 ~~(3) On each certificate representing outstanding stock of the benefit~~
16 ~~corporation.~~

17 ~~5-6C-06.~~

18 ~~(a) (1) Each benefit corporation shall have the purpose of creating a~~
19 ~~general public benefit.~~

20 ~~(2) The purpose described in paragraph (1) of this subsection is in~~
21 ~~addition to, and may be a limitation on, the purposes of the corporation under § 2-101~~
22 ~~of this article OR OF THE LIMITED LIABILITY COMPANY UNDER § 4A-201 OF THIS~~
23 ~~ARTICLE.~~

24 ~~(b) (1) In addition to its purposes under § 2-101 OR § 4A-201 of this~~
25 ~~article and subsection (a) of this section, the charter OR ARTICLES OF~~
26 ~~ORGANIZATION of a benefit corporation may identify as one of the purposes of the~~
27 ~~benefit corporation the creation of one or more specific public benefits.~~

28 ~~(2) The identification in its charter OR ARTICLES OF ORGANIZATION~~
29 ~~of a specific public benefit purpose under paragraph (1) of this subsection does not~~
30 ~~limit the obligation of a benefit corporation to create a general public benefit.~~

31 ~~(c) The creation of a general public benefit or specific public benefit as~~
32 ~~provided in subsections (a) and (b) of this section is in the best interests of the benefit~~
33 ~~corporation.~~

1 ~~5-6C-07.~~

2 (a) ~~A director OR MEMBER of a benefit corporation, in performing the duties~~
3 ~~of a director OR MEMBER, including the director's duties as a member of a committee~~
4 ~~and in addition to the duties described in § 2-405.1 of this article:~~

5 (1) ~~In determining what the director OR MEMBER reasonably believes~~
6 ~~to be in the best interests of the benefit corporation, shall consider the effects of any~~
7 ~~action or decision not to act on:~~

8 (i) ~~The stockholders OR MEMBERS of the benefit corporation;~~

9 (ii) ~~The employees and workforce of the benefit corporation and~~
10 ~~the subsidiaries and suppliers of the benefit corporation;~~

11 (iii) ~~The interests of customers as beneficiaries of the general or~~
12 ~~specific public benefit purposes of the benefit corporation;~~

13 (iv) ~~Community and societal considerations, including those of~~
14 ~~any community in which offices or facilities of the benefit corporation or the~~
15 ~~subsidiaries or suppliers of the benefit corporation are located; and~~

16 (v) ~~The local and global environment; and~~

17 (2) ~~May consider any other pertinent factors or the interests of any~~
18 ~~other group that the director OR MEMBER determines are appropriate to consider.~~

19 (b) ~~A director OR MEMBER of a benefit corporation, in the performance of~~
20 ~~duties in that capacity, does not have any duty to a person that is a beneficiary of the~~
21 ~~public benefit purposes of the benefit corporation.~~

22 (c) ~~A director of a benefit corporation, in the reasonable performance of~~
23 ~~duties in accordance with the standard provided in this subtitle, shall have the~~
24 ~~immunity from liability described in § 5-417 of the Courts Article.~~

25 ~~5-6C-08.~~

26 (a) ~~A benefit corporation shall deliver to each stockholder OR MEMBER an~~
27 ~~annual benefit report including:~~

28 (1) ~~A description of:~~

29 (i) ~~The ways in which the benefit corporation pursued a general~~
30 ~~public benefit during the year and the extent to which the general public benefit was~~
31 ~~created;~~

1 (ii) ~~The ways in which the benefit corporation pursued any~~
2 ~~specific public benefit that its charter OR ARTICLES OF ORGANIZATION states is the~~
3 ~~purpose of the benefit corporation to create and the extent to which that specific public~~
4 ~~benefit was created; and~~

5 (iii) ~~Any circumstances that have hindered the creation by the~~
6 ~~benefit corporation of the public benefit; and~~

7 (2) ~~An assessment of the societal and environmental performance of~~
8 ~~the benefit corporation prepared in accordance with a third-party standard applied~~
9 ~~consistently with the prior year's benefit report or accompanied by an explanation of~~
10 ~~the reasons for any inconsistent application.~~

11 (b) ~~The benefit report shall be delivered to each stockholder OR MEMBER~~
12 ~~within 120 days following the end of each fiscal year of the benefit corporation.~~

13 (e) (1) ~~A benefit corporation shall post its most recent benefit report on~~
14 ~~the public portion of its website, if any.~~

15 (2) ~~If a benefit corporation does not have a public website, the benefit~~
16 ~~corporation shall provide a copy of its most recent benefit report on demand and~~
17 ~~without charge to any person who requests a copy.~~

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That Section(s) 4A-1101 through 4A-1103, respectively, and the
20 subtitle "Subtitle 11. Miscellaneous" of Article – Corporations and Associations of the
21 Annotated Code of Maryland be renumbered to be Section(s) 4A-1201 through
22 4A-1203, respectively, and the subtitle "Subtitle 12. Miscellaneous."

23 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
24 read as follows:

25 Article – Corporations and Associations

26 SUBTITLE 11. BENEFIT LIMITED LIABILITY COMPANIES.

27 4A-1101.

28 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
29 INDICATED.

30 (B) "BENEFIT LIMITED LIABILITY COMPANY" MEANS A MARYLAND
31 LIMITED LIABILITY COMPANY THAT ELECTS TO BE A BENEFIT LIMITED
32 LIABILITY COMPANY IN ACCORDANCE WITH § 4A-1103 OF THIS SUBTITLE AND

1 HAS NOT CEASED TO BE A BENEFIT LIMITED LIABILITY COMPANY THROUGH THE
2 OPERATION OF § 4A-1105 OF THIS SUBTITLE.

3 (C) “GENERAL PUBLIC BENEFIT” MEANS A MATERIAL, POSITIVE
4 IMPACT ON SOCIETY AND THE ENVIRONMENT, AS MEASURED BY A THIRD-PARTY
5 STANDARD, THROUGH ACTIVITIES THAT PROMOTE A COMBINATION OF SPECIFIC
6 PUBLIC BENEFITS.

7 (D) “SPECIFIC PUBLIC BENEFIT” INCLUDES:

8 (1) PROVIDING INDIVIDUALS OR COMMUNITIES WITH
9 BENEFICIAL PRODUCTS OR SERVICES;

10 (2) PROMOTING ECONOMIC OPPORTUNITY FOR INDIVIDUALS OR
11 COMMUNITIES BEYOND THE CREATION OF JOBS IN THE NORMAL COURSE OF
12 BUSINESS;

13 (3) PRESERVING THE ENVIRONMENT;

14 (4) IMPROVING HUMAN HEALTH;

15 (5) PROMOTING THE ARTS, SCIENCES, OR ADVANCEMENT OF
16 KNOWLEDGE;

17 (6) INCREASING THE FLOW OF CAPITAL TO ENTITIES WITH A
18 PUBLIC BENEFIT PURPOSE; OR

19 (7) THE ACCOMPLISHMENT OF ANY OTHER PARTICULAR BENEFIT
20 FOR SOCIETY OR THE ENVIRONMENT.

21 (E) “THIRD-PARTY STANDARD” MEANS A STANDARD FOR DEFINING,
22 REPORTING, AND ASSESSING BEST PRACTICES IN SOCIAL AND ENVIRONMENTAL
23 PERFORMANCE THAT:

24 (1) IS DEVELOPED BY A PERSON OR ENTITY THAT IS
25 INDEPENDENT OF THE BENEFIT LIMITED LIABILITY COMPANY; AND

26 (2) IS TRANSPARENT BECAUSE THE FOLLOWING INFORMATION
27 ABOUT THE STANDARD IS PUBLICLY AVAILABLE OR ACCESSIBLE:

28 (I) THE FACTORS CONSIDERED WHEN MEASURING THE
29 PERFORMANCE OF A BUSINESS;

30 (II) THE RELATIVE WEIGHTINGS OF THOSE FACTORS; AND

1 **(III) THE IDENTITY OF THE PERSONS WHO DEVELOPED AND**
2 **CONTROL CHANGES TO THE STANDARD AND THE PROCESS BY WHICH THOSE**
3 **CHANGES WERE MADE.**

4 **4A-1102.**

5 **(A) THE PROVISIONS OF THIS TITLE APPLY TO BENEFIT LIMITED**
6 **LIABILITY COMPANIES EXCEPT TO THE EXTENT THAT:**

7 **(1) THE CONTEXT OF A PROVISION CLEARLY REQUIRES**
8 **OTHERWISE; OR**

9 **(2) A SPECIFIC PROVISION OF THIS TITLE PROVIDES OTHERWISE.**

10 **(B) THIS SUBTITLE APPLIES ONLY TO A BENEFIT LIMITED LIABILITY**
11 **COMPANY.**

12 **(C) (1) THE EXISTENCE OF A PROVISION OF THIS SUBTITLE DOES NOT**
13 **OF ITSELF CREATE ANY IMPLICATION THAT A CONTRARY OR DIFFERENT RULE**
14 **OF LAW IS OR WOULD BE APPLICABLE TO A LIMITED LIABILITY COMPANY THAT**
15 **IS NOT A BENEFIT LIMITED LIABILITY COMPANY.**

16 **(2) THIS SUBTITLE DOES NOT AFFECT ANY STATUTE OR RULE OF**
17 **LAW AS IT APPLIES TO A LIMITED LIABILITY COMPANY THAT IS NOT A BENEFIT**
18 **LIMITED LIABILITY COMPANY.**

19 **(D) A PROVISION OF THE ARTICLES OF ORGANIZATION OR OPERATING**
20 **AGREEMENT OF A BENEFIT LIMITED LIABILITY COMPANY MAY NOT BE**
21 **INCONSISTENT WITH ANY PROVISION OF THIS SUBTITLE.**

22 **4A-1103.**

23 **A LIMITED LIABILITY COMPANY MAY ELECT TO BE A BENEFIT LIMITED**
24 **LIABILITY COMPANY UNDER THIS SUBTITLE BY INCLUDING IN ITS ARTICLES OF**
25 **ORGANIZATION A STATEMENT THAT THE LIMITED LIABILITY COMPANY IS A**
26 **BENEFIT LIMITED LIABILITY COMPANY.**

27 **4A-1104.**

28 **CLEAR REFERENCE TO THE FACT THAT A LIMITED LIABILITY COMPANY IS**
29 **A BENEFIT LIMITED LIABILITY COMPANY SHALL APPEAR PROMINENTLY:**

1 **(1) AT THE HEAD OF THE ARTICLES OF ORGANIZATION OR AN**
2 **AMENDMENT TO THE ARTICLES OF ORGANIZATION IN WHICH THE ELECTION TO**
3 **BE A BENEFIT LIMITED LIABILITY COMPANY IS MADE;**

4 **(2) AT THE HEAD OF EACH SUBSEQUENT ARTICLES OF**
5 **ORGANIZATION OF THE BENEFIT LIMITED LIABILITY COMPANY; AND**

6 **(3) ON EACH CERTIFICATE REPRESENTING OUTSTANDING**
7 **INTERESTS IN THE BENEFIT LIMITED LIABILITY COMPANY.**

8 **4A-1105.**

9 **A BENEFIT LIMITED LIABILITY COMPANY MAY TERMINATE ITS STATUS AS**
10 **A BENEFIT LIMITED LIABILITY COMPANY AND CEASE TO BE SUBJECT TO THIS**
11 **SUBTITLE BY AMENDING ITS ARTICLES OF ORGANIZATION TO DELETE THE**
12 **STATEMENT REQUIRED UNDER § 4A-1103 OF THIS SUBTITLE THAT IT IS A**
13 **BENEFIT LIMITED LIABILITY COMPANY.**

14 **4A-1106.**

15 **(A) (1) EACH BENEFIT LIMITED LIABILITY COMPANY SHALL HAVE**
16 **THE PURPOSE OF CREATING A GENERAL PUBLIC BENEFIT.**

17 **(2) THE PURPOSE DESCRIBED IN PARAGRAPH (1) OF THIS**
18 **SUBSECTION IS IN ADDITION TO, AND MAY BE A LIMITATION ON, THE PURPOSES**
19 **OF THE BENEFIT LIMITED LIABILITY COMPANY UNDER § 4A-201 OF THIS TITLE.**

20 **(B) (1) IN ADDITION TO ITS PURPOSES UNDER § 4A-201 OF THIS**
21 **TITLE AND SUBSECTION (A) OF THIS SECTION, THE ARTICLES OF ORGANIZATION**
22 **OR OPERATING AGREEMENT OF A BENEFIT LIMITED LIABILITY COMPANY MAY**
23 **IDENTIFY AS ONE OF THE PURPOSES OF THE BENEFIT LIMITED LIABILITY**
24 **COMPANY THE CREATION OF ONE OR MORE SPECIFIC PUBLIC BENEFITS.**

25 **(2) THE IDENTIFICATION IN ITS ARTICLES OF ORGANIZATION OR**
26 **OPERATING AGREEMENT OF A SPECIFIC PUBLIC BENEFIT PURPOSE UNDER**
27 **PARAGRAPH (1) OF THIS SUBSECTION DOES NOT LIMIT THE OBLIGATION OF A**
28 **BENEFIT LIMITED LIABILITY COMPANY TO CREATE A GENERAL PUBLIC**
29 **BENEFIT.**

30 **4A-1107.**

31 **(A) A PERSON MANAGING THE BUSINESS AND AFFAIRS OF A BENEFIT**
32 **LIMITED LIABILITY COMPANY;**

1 **(1) SHALL CONSIDER THE EFFECTS OF ANY ACTION OR DECISION**
2 **NOT TO ACT ON:**

3 **(I) THE MEMBERS OF THE BENEFIT LIMITED LIABILITY**
4 **COMPANY;**

5 **(II) THE EMPLOYEES AND WORKFORCE OF THE BENEFIT**
6 **LIMITED LIABILITY COMPANY AND THE SUBSIDIARIES AND SUPPLIERS OF THE**
7 **BENEFIT LIMITED LIABILITY COMPANY;**

8 **(III) THE INTERESTS OF CUSTOMERS AS BENEFICIARIES OF**
9 **THE GENERAL OR SPECIFIC PUBLIC BENEFIT PURPOSES OF THE BENEFIT**
10 **LIMITED LIABILITY COMPANY;**

11 **(IV) COMMUNITY AND SOCIETAL CONSIDERATIONS,**
12 **INCLUDING THOSE OF ANY COMMUNITY IN WHICH OFFICES OR FACILITIES OF**
13 **THE BENEFIT LIMITED LIABILITY COMPANY OR THE SUBSIDIARIES OR**
14 **SUPPLIERS OF THE BENEFIT LIMITED LIABILITY COMPANY ARE LOCATED; AND**

15 **(V) THE LOCAL AND GLOBAL ENVIRONMENT; AND**

16 **(2) MAY CONSIDER ANY OTHER PERTINENT FACTORS OR THE**
17 **INTERESTS OF ANY OTHER GROUP THAT THE PERSON DETERMINES ARE**
18 **APPROPRIATE TO CONSIDER.**

19 **(B) A PERSON MANAGING THE BUSINESS AND AFFAIRS OF A BENEFIT**
20 **LIMITED LIABILITY COMPANY DOES NOT HAVE ANY DUTY ON ACCOUNT OF THE**
21 **FACTORS OR INTERESTS SET FORTH IN THIS SECTION TO:**

22 **(1) A PERSON THAT IS A BENEFICIARY OF THE PUBLIC BENEFIT**
23 **PURPOSES OF THE BENEFIT LIMITED LIABILITY COMPANY; OR**

24 **(2) A MEMBER OF THE BENEFIT LIMITED LIABILITY COMPANY.**

25 **4A-1108.**

26 **(A) A BENEFIT LIMITED LIABILITY COMPANY SHALL DELIVER TO EACH**
27 **MEMBER AN ANNUAL BENEFIT REPORT INCLUDING:**

28 **(1) A DESCRIPTION OF:**

29 **(I) THE WAYS IN WHICH THE BENEFIT LIMITED LIABILITY**
30 **COMPANY PURSUED A GENERAL PUBLIC BENEFIT DURING THE YEAR AND THE**
31 **EXTENT TO WHICH THE GENERAL PUBLIC BENEFIT WAS CREATED;**

1 **(II) THE WAYS IN WHICH THE BENEFIT LIMITED LIABILITY**
 2 **COMPANY PURSUED ANY SPECIFIC PUBLIC BENEFIT THAT ITS ARTICLES OF**
 3 **ORGANIZATION OR OPERATING AGREEMENT STATES IS THE PURPOSE OF THE**
 4 **BENEFIT LIMITED LIABILITY COMPANY TO CREATE AND THE EXTENT TO WHICH**
 5 **THAT SPECIFIC PUBLIC BENEFIT WAS CREATED; AND**

6 **(III) ANY CIRCUMSTANCES THAT HAVE HINDERED THE**
 7 **CREATION BY THE BENEFIT LIMITED LIABILITY COMPANY OF THE PUBLIC**
 8 **BENEFIT; AND**

9 **(2) AN ASSESSMENT OF THE SOCIETAL AND ENVIRONMENTAL**
 10 **PERFORMANCE OF THE BENEFIT LIMITED LIABILITY COMPANY PREPARED IN**
 11 **ACCORDANCE WITH A THIRD-PARTY STANDARD APPLIED CONSISTENTLY WITH**
 12 **THE PRIOR YEAR'S BENEFIT REPORT OR ACCOMPANIED BY AN EXPLANATION OF**
 13 **THE REASONS FOR ANY INCONSISTENT APPLICATION.**

14 **(B) THE BENEFIT REPORT SHALL BE DELIVERED TO EACH MEMBER**
 15 **WITHIN 120 DAYS FOLLOWING THE END OF EACH FISCAL YEAR OF THE BENEFIT**
 16 **LIMITED LIABILITY COMPANY.**

17 **(C) (1) A BENEFIT LIMITED LIABILITY COMPANY SHALL POST ITS**
 18 **MOST RECENT BENEFIT REPORT ON THE PUBLIC PORTION OF ITS WEB SITE, IF**
 19 **ANY.**

20 **(2) IF A BENEFIT LIMITED LIABILITY COMPANY DOES NOT HAVE A**
 21 **PUBLIC WEB SITE, THE BENEFIT LIMITED LIABILITY COMPANY SHALL PROVIDE**
 22 **A COPY OF ITS MOST RECENT BENEFIT REPORT ON DEMAND AND WITHOUT**
 23 **CHARGE TO ANY PERSON WHO REQUESTS A COPY.**

24 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
 25 effect October 1, 2011.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.